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TO FLASH UKMIS NEW YORK  
TELEGRAM NUMBER 851 OF 7 DECEMBER  
INFO IMMEDIATE UKREP BRUSSELS, PARIS, BONN  
ROUTINE UKDEL OECD AND UKMIS GENEVA  
YOUR TEL NO 1466: GLOBAL NEGOTIATIONS

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1. WE HAVE HEARD FROM BONN (TELECON SIR K COUZENS/SCHULMANN) THAT THERE HAS BEEN A DEAL BETWEEN GENSCHER AND MATTHOEFER. APPARENTLY THEY HAVE AGREED THAT THE GERMANS CAN ACCEPT THE KITTANI TEXT (YOUR TEL NO 1406) PROVIDED THAT THE GERMAN VIEW ABOUT THE IMF/WORLD BANK IS MADE CLEAR IN AN INTERPRETATIVE STATEMENT.
2. IN VIEW OF THIS DEVELOPMENT, YOU NOW HAVE DISCRETION TO JOIN A COMMUNITY POSITION WHEREBY THE COMMUNITY ACCEPT THE DRAFT CONTAINED IN YOUR TEL NO 1406 AND MAKE AN INTERPRETATIVE STATEMENT TO BE DELIVERED BY THE PRESIDENCY WHEN THE RESOLUTION IS ADOPTED BY THE GENERAL ASSEMBLY.
3. YOU SHOULD NATURALLY CONSULT CLOSELY WITH YOUR GERMAN COLLEAGUE IN DRAWING UP A SUITABLE STATEMENT. YOU WILL NO DOUBT WISH TO JUDGE THE FORM AND TIMING OF THE STATEMENT IN THE LIGHT OF THE ATTITUDES OF OTHERS. THE ESSENTIAL POINT FOR US IS THAT IT SHOULD FULLY REFLECT THE PRIME MINISTER'S OPENING STATEMENT AT CANCUN IN WHICH SHE SAID:-  
'ABOVE ALL, WE MUST NOT COMPROMISE THE EFFECTIVENESS OR INTEGRITY OF ORGANISATIONS LIKE THE WORLD BANK AND THE IMF.'
4. WE SUGGEST THE FOLLOWING:-  
'IN VOTING FOR THIS RESOLUTION, THE MEMBER STATES OF THE EUROPEAN COMMUNITY ARE CONCERNED TO EMPHASISE STATE THEIR UNDERSTANDING THAT OPERATIVE PARAGRAPH 4 DOES NOT COMPROMISE THE EFFECTIVENESS OR INTEGRITY OF THE SPECIALISED AGENCIES AND OTHER SPECIALISED FORA SUCH AS THE IMF, AND IBRD AND THE GATT.

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THIS IS OUR INTERPRETATION OF THE REFERENCE TO THE UN CHARTER  
IN THAT PARAGRAPH.'

5. IT MAY, OF COURSE, NOT BE POSSIBLE TO OBTAIN AGREEMENT  
IN THE COMMUNITY ON ANY WORTHWHILE STATEMENT. IF SO, YOU  
SHOULD WORK FOR NATIONAL STATEMENTS ON PARALLEL  
LINES BY THE GERMANS, OURSELVES AND ANY OTHER LIKE-MINDED  
COUNTRIES. THE AMERICAN POSITION IS COMPLETELY UNFORESEEABLE  
BUT WE WOULD HOPE THAT IT ALSO WOULD INCLUDE A STATEMENT OF  
THE KIND OUTLINED IN PARAGRAPH 4 ABOVE.

CARRINGTON

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